

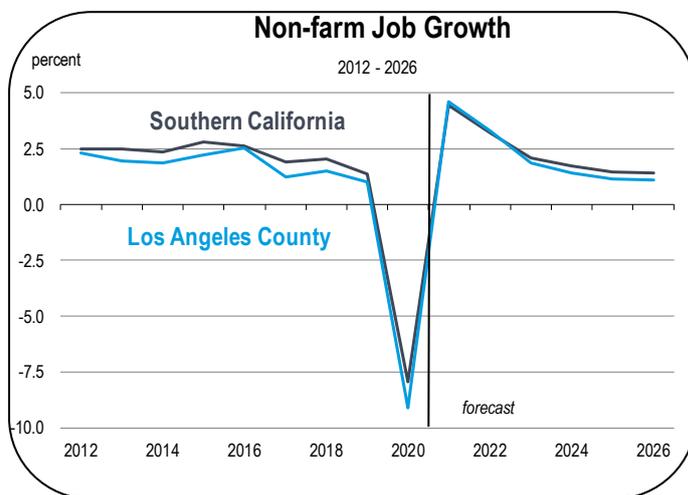
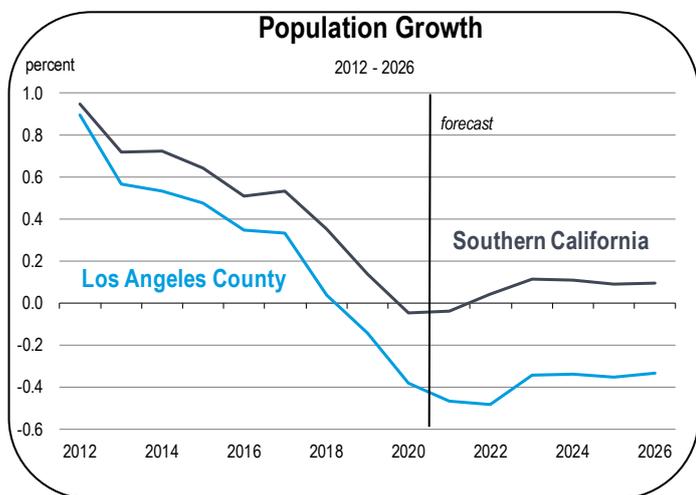
Los Angeles County Economic Forecast

Forecast Summary

- On an annual average basis, 190,500 non-farm jobs will be reinstated in Los Angeles County during 2021.
- Employment gains will be largest in leisure services, professional business services, private healthcare and education, and retail.
- Cargo movements at both the seaports and the airports represented a strong engine of growth for the LA and Inland Empire economies in 2020.
- E-commerce drove container imports to record levels at the Port of Long Beach in 2020.
- The unemployment rate averaged 12.9 percent in 2020. It is expected to average 9.4 percent in 2021.
- The population is declining and will continue to decline throughout the forecast period.
- Housing production has declined over the last few years and will likely plateau over the forecast period.
- Home prices unexpectedly surged in 2020, rising by 10 percent.
- Home prices are expected to increase between 6 and 8 percent in 2021.

Job Growth

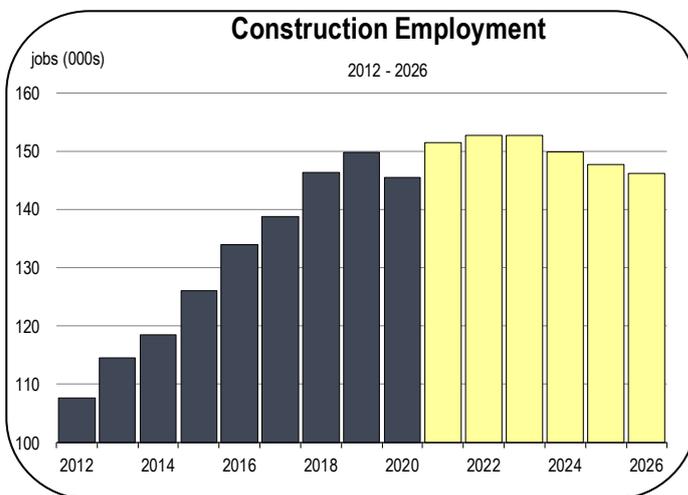
- Total employment in Los Angeles County will increase by 4.6 percent in 2021 on an annual average basis.



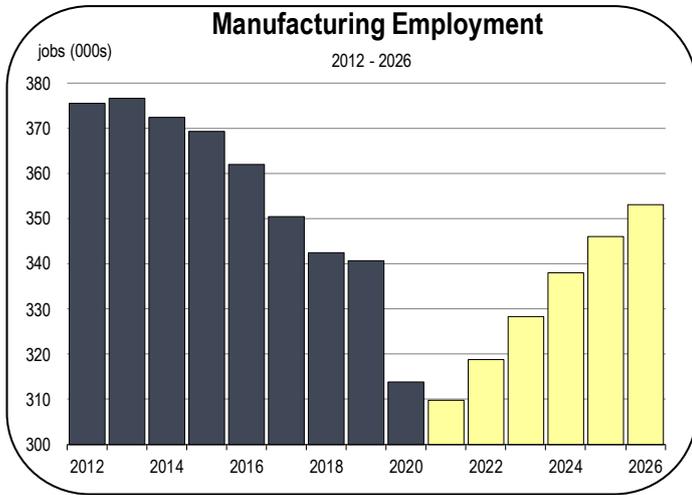
- Total employment is not expected to return to pre-pandemic levels until 2023.
- Over the entire forecast period, job growth in Los Angeles County will be slower than the Southern California average.

Construction Employment

- The construction sector is expected to rebound sharply in 2021, reinstating 6,000 jobs from 2020.
- The Coronavirus Recession had only a minimal impact on the construction industry, and by early 2021 construction employment levels had almost completely recovered.
- Employment in construction is expected to moderate in the second half of the forecast period.



Los Angeles County Economic Forecast

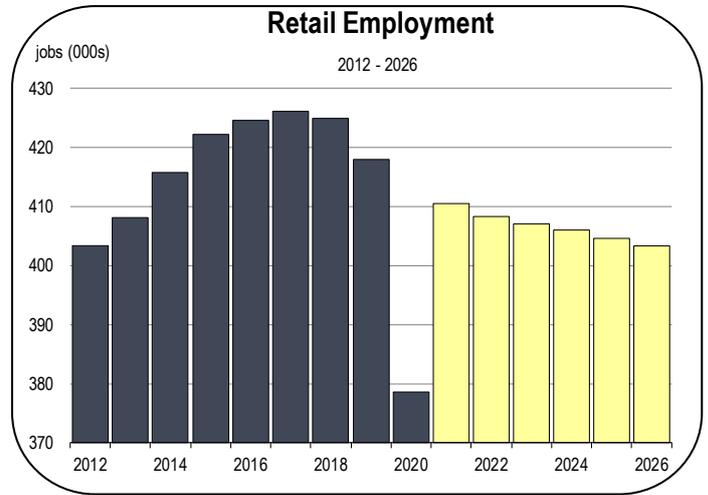
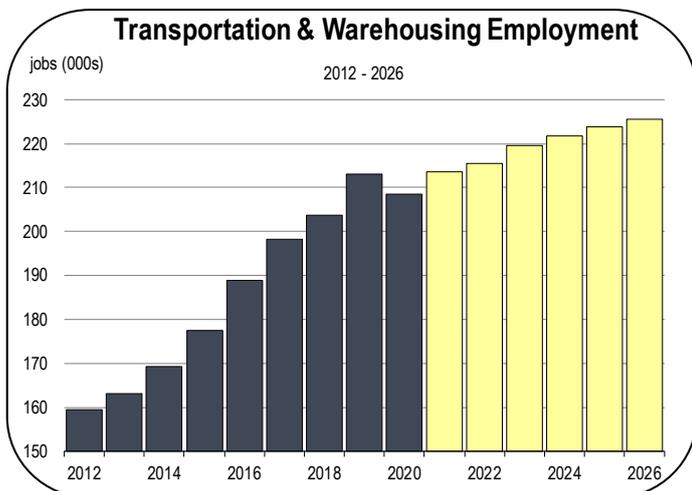


Manufacturing Employment

- Manufacturing employment declined by 8 percent during 2020 and could decline further in 2021.
- By 2022, the manufacturing sector is expected to begin to expand, growing by an average of 2.6 percent per year for the remainder of the forecast period.

Transportation and Warehousing Employment

- Transportation and warehousing employment declined slightly in 2020, losing fewer than 5,000 jobs.
- Airports lost 3,100 jobs and taxi/bus/boating services lost 2,500 jobs. Local delivery companies gained almost 12,000 jobs.
- In 2021, this sector will return to pre-recession staffing levels.
- Employment in this sector will expand consistently in 2021 and beyond, driven in large part by both air and sea-port cargo flows in Los Angeles and Long Beach.

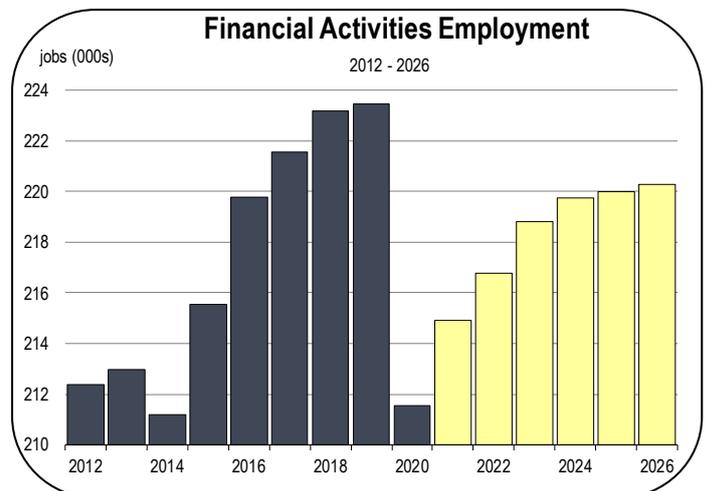


Retail Trade Employment

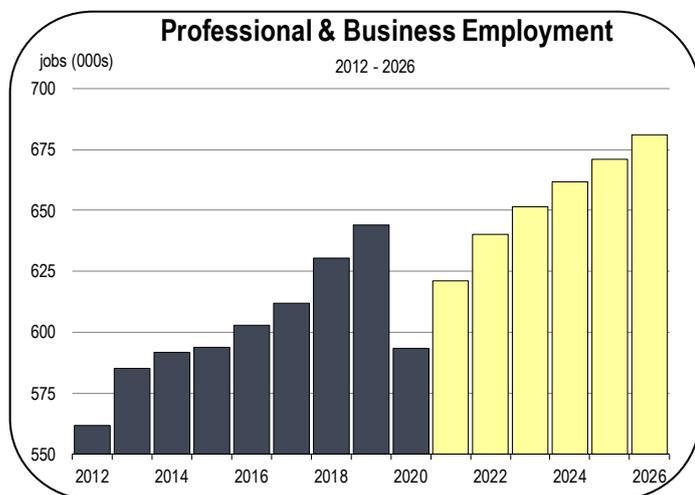
- The retail sector was decimated in 2020, declining by 9.4 percent and losing 39,300 jobs.
- Losses were largest at car dealers, clothing stores, and big box department stores. Grocery stores expanded during 2020.
- Retail employment will rebound sharply in 2021. However, this sector will continue its longer-term pattern of decline for the rest of the forecast period.

Financial Activities Employment

- Financial activities employment declined precipitously in 2020, erasing all of the job creation of the previous 5 years.
- The largest losses were in real estate firms, car rental agencies, banks, and asset management companies.
- Total employee headcounts in this sector will rebound slowly and are not expected to return to the previous peak.



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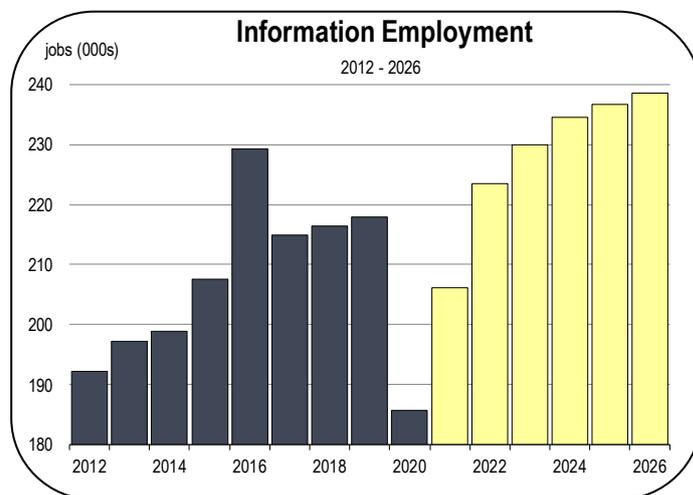


Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- The largest subsector - staffing agencies - experienced significant losses during 2020, but is expected back quickly in 2021 and 2022.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn, but hired back first during a recovery.
- Aside from staffing agencies, the largest job losses in 2020 were observed in corporate security companies and accounting firms.
- Small losses were observed at law firms, IT consulting companies, marketing and advertising organizations, and scientific research facilities.
- The professional and business services industry is expected to gain 28,000 jobs in 2021 and 19,000 jobs in 2022. It will have fully recovered by the end of 2022.

Information Employment

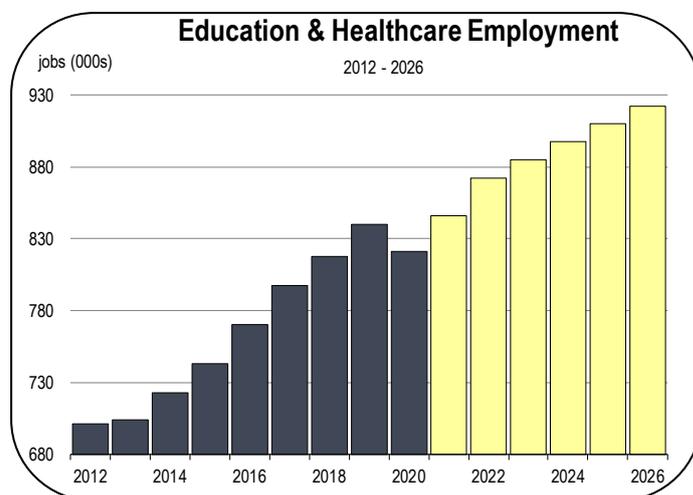
- In Los Angeles County, the information sector is dominated by the movie, TV, and sound recording industry.
- It also has sizable numbers of jobs in telecommunications companies, software publishing companies, and data services firms.



- The TV, movie, and recording industry lost 30,000 jobs during the lockdowns and recession.
- Telecommunications companies lost approximately 2,000 jobs.
- The software and data services industries continued to expand in 2020.
- In 2021, the information sector is expected to re-gain two-thirds of the jobs that were lost. By 2022, all jobs will have been reinstated in addition to new job creation.

Private Education and Healthcare Employment

- The private healthcare and education industries were characterized by small job losses in 2020.

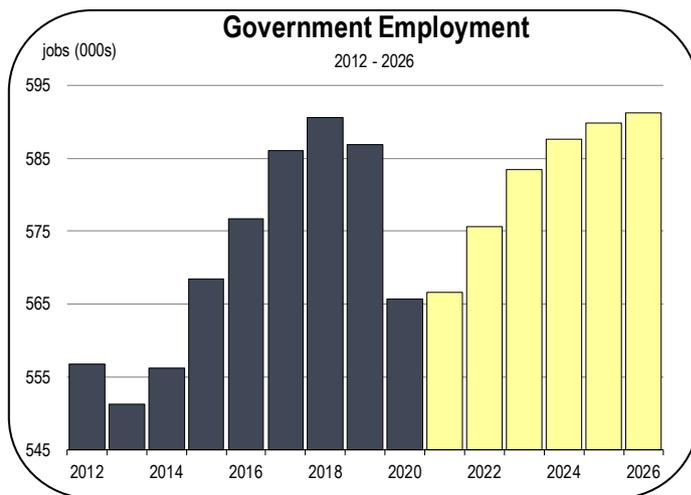
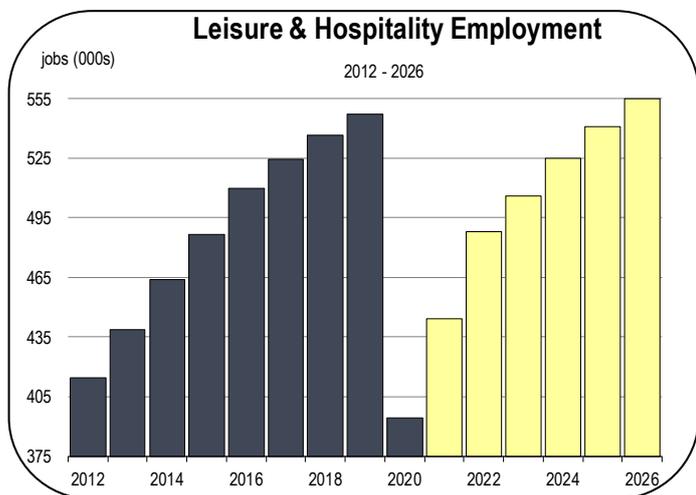


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- Healthcare jobs were relatively recession proof during the 2008-2009 financial crisis and declined by only 3 percent during the Coronavirus Recession.
- Hospital employment fell by 2 percent. Employment at doctors offices declined by 4 percent, and jobs at dentist office fell by 13 percent.
- Private schools and tutoring centers declined by 6 percent last year.
- This sector also includes social assistance and childcare centers. Childcare centers lost 4,000 jobs last year while social assistance organizations continued to expand.
- Overall, the healthcare and education industry will recover 25,000 jobs in 2021 and gain another 26,000 jobs in 2022.

Leisure and Hospitality Employment

- Leisure and hospitality firms were impacted by the restricted economic conditions more than almost any other business sector.
- In 2020, employment levels in restaurants, bars, and catering services declined by 100,000 jobs, a decrease of 25 percent.
- Employment at hotels fell by 19,000 jobs (38 percent). Entertainment and recreation declined by 34,000 jobs (33 percent).



- Leisure and hospitality employment will rebound sharply in 2021 due to a surge in travel, dining, drinking, and recreation throughout Los Angeles County.
- We expect the leisure and hospitality sector to regain 12,600 jobs in 2021 and another 10,000 jobs in 2022, but it could take several years for the industry to fully recover.

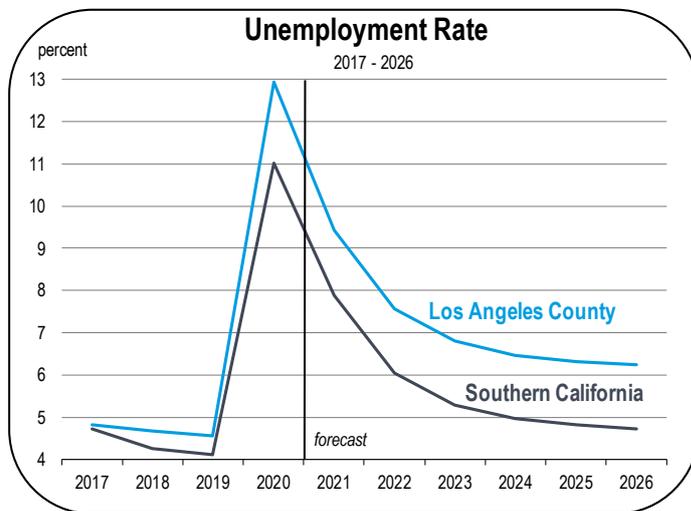
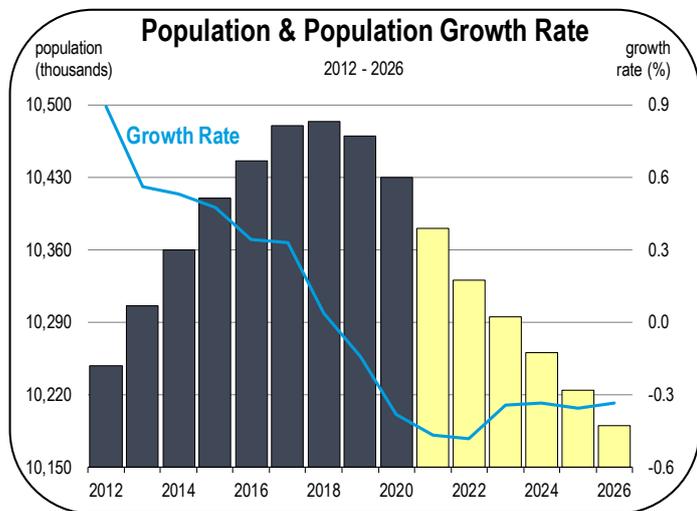
Government Employment

- State and local government agencies lost 24,000 jobs during 2020. Federal government agencies added a few thousand jobs, but this was mainly due to the Decennial Census, which creates temporary government jobs every 10 years. These Census jobs have already ended.
- Total government employment will not recover significantly in the first half of 2021, though jobs should begin to expand in the second half (which is the start of fiscal year 2022).

Population Growth

- The Los Angeles County population remains in decline, strictly due to out-migration.
- Net migration is expected to be negative throughout the 2021-2026 forecast period. The county will lose an average of 62,000 residents each year through the migration process.

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- In 2020 there were 10.4 million residents in Los Angeles County. By 2026 the population is expected to decline to 10.2 million.
- Population decline will average of 0.4 percent per year from 2021 to 2026.

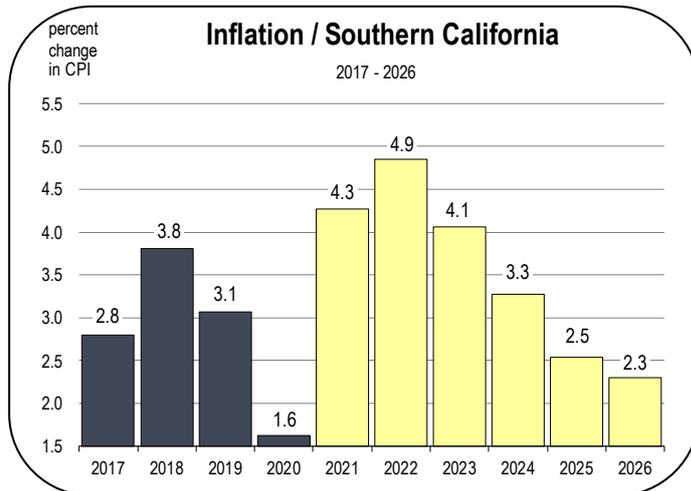
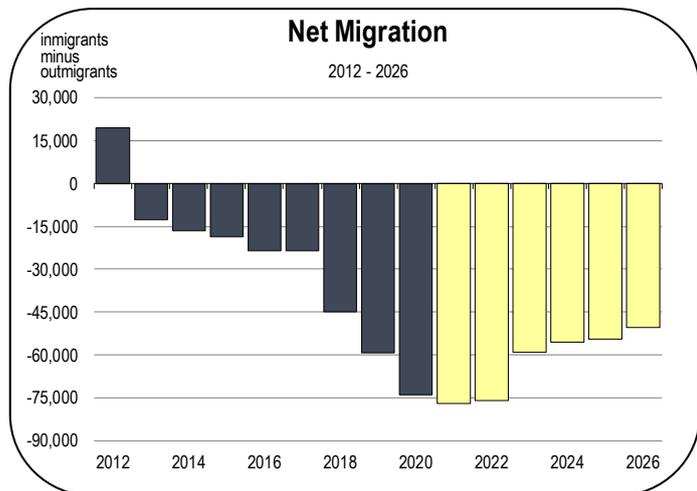
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:

Unemployment and Inflation Rates

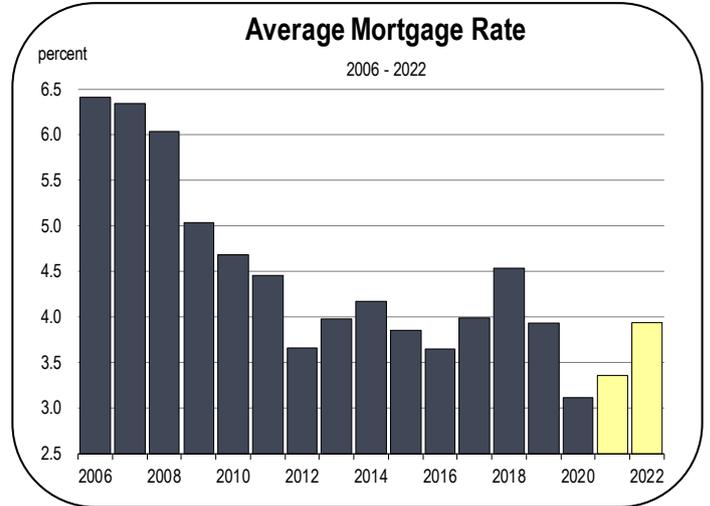
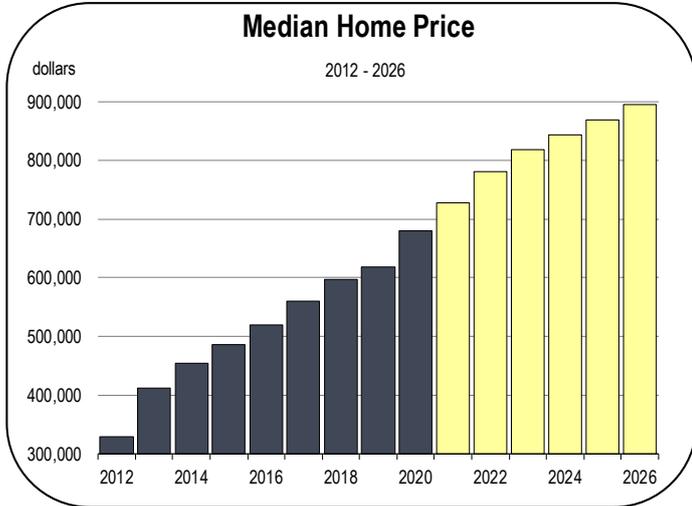
- The unemployment rate in Los Angeles County averaged 12.9 percent in 2020, which was higher than the composite rate for Southern California.
- The unemployment rate is expected to average 9.4 percent in 2021 and 7.6 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.

- Record levels of spending by consumers and government agencies
- Fractures in the global supply chain that raise the cost of production for many businesses
- Sharp increases in the cost of housing and energy
- Labor market recruitment challenges that force companies to raise wages

- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.



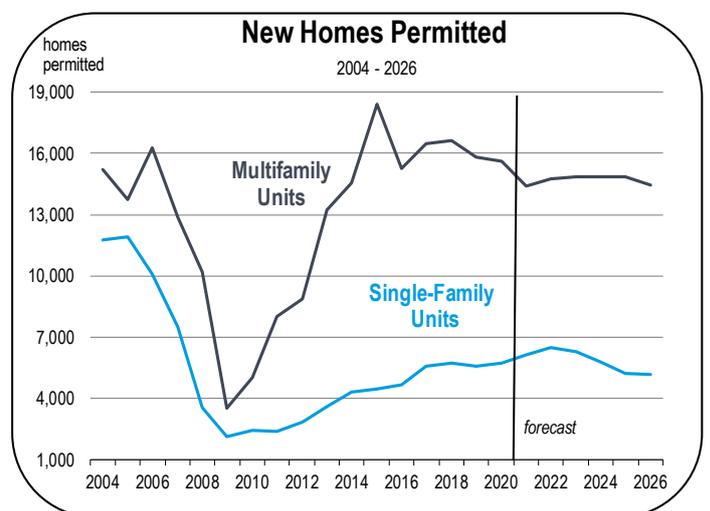
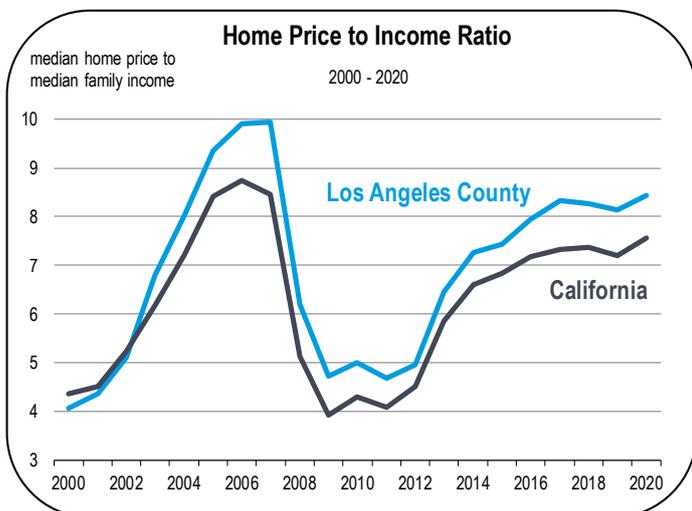
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Home Prices & New Housing Production

- The median home price was \$679,600 in 2020, an increase of 10 percent from the previous year.
- Home selling prices will increase by 6 to 8 percent in 2021, and could increase by another 6 to 8 percent in 2022.
- Los Angeles County has a serious problem with housing affordability. As of 2020, the price-to-income ratio was 8.4.
- A 20 percent down payment on the median priced home would be \$130,000, which is out of reach for most households.
- Without a 20 percent down payment, the typical mortgage payment would consume at least 40 percent of pre-tax income for many households, which exceeds most affordability guidelines.

- Interest rates have been very low for several years, which has offset some of the affordability issues caused by rising home prices.
- But even with low interest rates, monthly mortgage payments are still high enough to price many households out of the ownership market.
- From 2015 to 2020, an average of 21,600 new homes were approved per year. Housing production is forecast to average 20,500 homes per year from 2021 to 2026.
- Housing development will be concentrated in Downtown Los Angeles.
- There are more than 50,000 multifamily units in the planning pipeline for the Downtown region, and approximately half will be completed within the next decade.



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- In the Santa Clarita Valley, the FivePoint Valencia project will contain more than 21,000 homes. Construction has begun, and a substantial number of homes could be built within the 2021-2026 forecast horizon.
- At the northern boarder of Los Angeles County, the Tejon Ranch project could produce 12,000 housing units near the Los Angeles-Kern County border. The project is unlikely to break ground within the 2021-2026 forecast period.
- Northern Los Angeles County is becoming a hub for the logistics industry, and ongoing construction project is adding new logistics facilities. The Center at Needham Ranch has already produced 900,000 square feet of space, and is scheduled to build an additional 1 million square feet of space.



FivePoint Valencia

Los Angeles County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	10,409,811	3,283	-18,553	22,892	7,839	\$561	\$107	\$152	\$104	\$61,316	6.7	\$219	0.9
2016	10,445,739	3,298	-23,569	19,936	8,051	\$581	\$109	\$155	\$105	\$62,212	5.3	\$184	1.9
2017	10,480,382	3,317	-23,407	22,010	8,037	\$602	\$112	\$160	\$108	\$62,498	4.8	\$150	2.8
2018	10,484,401	3,332	-44,845	22,354	8,029	\$628	\$117	\$166	\$112	\$62,699	4.7	\$179	3.8
2019	10,469,625	3,352	-59,246	21,362	8,155	\$653	\$120	\$172	\$110	\$63,432	4.6	\$181	3.1
2020	10,429,589	3,371	-74,072	21,306	7,931	\$666	\$109	\$155	\$114	\$63,847	12.9	\$183	1.6
2021	10,380,800	3,384	-76,936	20,529	7,925	\$699	\$125	\$175	\$112	\$65,675	9.4	\$181	4.3
2022	10,330,750	3,398	-75,911	21,223	7,918	\$728	\$127	\$180	\$113	\$67,161	7.6	\$180	4.9
2023	10,295,310	3,413	-59,030	21,122	7,910	\$762	\$129	\$183	\$116	\$68,804	6.8	\$178	4.1
2024	10,260,690	3,429	-55,484	20,629	7,902	\$795	\$132	\$188	\$119	\$70,296	6.5	\$177	3.3
2025	10,224,370	3,445	-54,421	20,058	7,894	\$829	\$134	\$190	\$122	\$71,877	6.3	\$176	2.5
2026	10,190,120	3,462	-50,363	19,623	7,887	\$863	\$136	\$193	\$125	\$73,442	6.2	\$174	2.3
2027	10,153,560	3,477	-50,319	19,445	7,880	\$899	\$138	\$196	\$128	\$75,193	6.2	\$173	2.1
2028	10,114,710	3,493	-50,269	20,210	7,872	\$935	\$140	\$199	\$130	\$76,781	6.2	\$172	2.1
2029	10,074,990	3,509	-49,326	20,867	7,865	\$970	\$143	\$203	\$132	\$78,189	6.2	\$171	2.1
2030	10,034,160	3,525	-48,407	20,884	7,858	\$1,000	\$147	\$209	\$133	\$79,223	6.2	\$170	2.1
2031	9,990,746	3,541	-47,493	20,626	7,856	\$1,030	\$150	\$213	\$134	\$80,248	6.2	\$169	2.2
2032	9,948,954	3,558	-42,550	20,133	7,857	\$1,059	\$154	\$218	\$134	\$81,017	6.2	\$168	2.1
2033	9,906,572	3,574	-40,602	20,117	7,858	\$1,089	\$157	\$222	\$135	\$82,133	6.2	\$167	1.9
2034	9,863,092	3,590	-38,666	19,780	7,857	\$1,121	\$160	\$227	\$135	\$83,171	6.2	\$166	2.0
2035	9,821,027	3,606	-34,717	19,875	7,852	\$1,154	\$164	\$233	\$135	\$84,152	6.2	\$165	2.0
2036	9,776,822	3,622	-33,788	20,071	7,849	\$1,189	\$169	\$240	\$135	\$84,891	6.2	\$165	2.1
2037	9,733,550	3,638	-30,275	19,989	7,848	\$1,225	\$173	\$246	\$135	\$85,548	6.2	\$164	2.1
2038	9,689,776	3,654	-27,633	20,314	7,851	\$1,262	\$178	\$253	\$135	\$86,366	6.2	\$163	2.0
2039	9,645,957	3,671	-24,992	20,342	7,856	\$1,300	\$183	\$260	\$134	\$87,044	6.2	\$162	2.1
2040	9,601,501	3,687	-22,346	20,366	7,860	\$1,338	\$188	\$267	\$134	\$87,748	6.2	\$162	2.0
2041	9,556,198	3,703	-19,704	20,023	7,862	\$1,375	\$192	\$273	\$134	\$88,674	6.2	\$161	2.1
2042	9,510,656	3,719	-17,072	19,800	7,861	\$1,413	\$196	\$279	\$135	\$89,279	6.2	\$161	2.0
2043	9,465,531	3,735	-14,403	19,830	7,856	\$1,450	\$200	\$285	\$135	\$90,694	6.2	\$160	1.9
2044	9,420,944	3,751	-11,751	19,436	7,846	\$1,488	\$204	\$290	\$135	\$91,814	6.2	\$159	2.0
2045	9,376,471	3,767	-9,092	19,444	7,828	\$1,526	\$208	\$296	\$136	\$92,845	6.2	\$159	2.1
2046	9,332,619	3,783	-6,424	18,823	7,803	\$1,564	\$212	\$302	\$136	\$93,769	6.2	\$158	2.1
2047	9,289,266	3,798	-3,755	17,702	7,773	\$1,603	\$217	\$308	\$136	\$94,457	6.2	\$158	2.1
2048	9,246,312	3,813	-1,057	17,583	7,739	\$1,642	\$221	\$315	\$135	\$95,077	6.2	\$157	2.2
2049	9,203,215	3,828	1,605	16,820	7,703	\$1,681	\$226	\$321	\$135	\$95,878	6.2	\$157	1.9
2050	9,160,145	3,842	4,265	16,690	7,663	\$1,722	\$230	\$328	\$135	\$96,617	6.2	\$157	2.0

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	4,292	5.0	126.1	369.3	177.6	644.6	215.6	593.8	207.6	743.3	486.6	568.5
2016	4,401	5.3	134.0	362.0	188.9	646.7	219.8	603.0	229.4	769.9	510.0	576.7
2017	4,455	5.7	138.7	350.4	198.2	647.6	221.6	612.1	214.9	797.4	524.6	586.1
2018	4,521	4.6	146.3	342.6	203.6	648.0	223.2	630.4	216.4	817.9	536.5	590.6
2019	4,566	4.4	149.8	340.7	213.0	638.4	223.5	643.9	217.9	839.9	547.2	586.9
2020	4,151	4.4	145.5	313.8	208.6	578.6	211.5	593.3	185.8	820.9	394.4	565.6
2021	4,342	4.4	151.5	309.8	213.6	620.1	214.9	621.1	206.1	845.9	444.2	566.6
2022	4,485	4.3	152.7	318.8	215.5	623.8	216.8	640.2	223.5	872.1	488.0	575.6
2023	4,567	4.3	152.7	328.3	219.6	629.5	218.8	651.5	230.0	884.9	506.0	583.4
2024	4,632	4.3	149.9	338.0	221.8	628.6	219.7	661.7	234.5	897.5	524.9	587.6
2025	4,685	4.3	147.7	346.0	223.8	627.1	220.0	671.0	236.7	910.0	540.8	589.8
2026	4,736	4.3	146.2	353.1	225.6	626.1	220.3	681.0	238.6	922.1	554.9	591.2
2027	4,791	4.3	146.5	359.4	227.1	625.8	220.6	691.9	242.1	934.1	568.9	592.5
2028	4,847	4.3	147.6	365.1	228.6	625.1	221.0	703.5	248.0	946.0	582.9	593.4
2029	4,889	4.3	148.9	370.3	230.0	625.8	221.2	715.8	250.0	957.8	585.6	592.9
2030	4,926	4.3	148.8	371.8	231.3	626.5	221.6	727.9	253.5	969.4	588.2	592.2
2031	4,958	4.3	148.3	372.9	232.5	627.0	222.0	738.1	255.7	980.8	590.9	590.6
2032	4,988	4.3	147.7	374.0	233.7	626.8	222.4	748.2	257.8	992.1	593.5	588.8
2033	5,017	4.3	147.8	373.5	234.8	627.7	222.7	758.2	259.8	1,003.2	596.1	586.9
2034	5,047	4.3	147.5	372.5	236.0	628.6	223.1	768.3	261.9	1,014.1	598.7	585.8
2035	5,074	4.3	147.6	371.5	237.0	628.7	223.4	778.3	263.5	1,024.9	601.3	583.7
2036	5,103	4.3	147.2	370.8	238.0	630.1	223.8	788.4	265.2	1,035.5	603.8	582.8
2037	5,130	4.3	146.2	369.8	239.0	630.2	224.2	798.6	266.7	1,045.8	606.4	582.4
2038	5,158	4.3	144.8	369.2	239.9	631.3	224.6	808.6	268.0	1,055.9	608.9	582.5
2039	5,185	4.3	145.3	367.1	240.7	631.3	225.1	818.9	269.0	1,065.8	611.4	582.4
2040	5,211	4.3	145.7	364.9	241.6	632.2	225.5	828.9	269.8	1,075.5	613.9	582.0
2041	5,235	4.3	144.3	364.7	242.3	632.2	226.0	838.7	270.5	1,084.9	616.4	581.3
2042	5,262	4.3	142.9	366.8	243.0	633.1	226.5	847.9	270.9	1,094.0	618.9	580.8
2043	5,285	4.3	142.2	366.4	243.7	633.0	226.9	857.2	271.2	1,103.0	621.4	580.3
2044	5,307	4.3	140.7	365.4	244.4	633.9	227.4	866.5	271.4	1,111.7	623.9	579.5
2045	5,329	4.3	139.8	364.1	245.1	634.0	227.8	875.3	272.5	1,120.2	626.3	578.7
2046	5,352	4.2	138.8	363.1	245.7	635.1	228.3	884.2	273.6	1,128.5	628.7	578.1
2047	5,371	4.2	136.3	363.8	246.3	634.6	228.7	892.1	273.7	1,136.6	631.2	577.5
2048	5,391	4.2	135.9	363.0	246.9	635.2	229.0	899.3	273.9	1,144.5	633.6	577.1
2049	5,409	4.2	134.3	361.1	247.4	635.1	229.5	907.2	274.0	1,152.3	635.9	576.6
2050	5,426	4.2	132.8	358.6	248.0	635.9	229.9	914.7	274.2	1,159.8	638.3	576.2

Los Angeles County Economic Forecast

Socioeconomic Indicators

